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BARNSDALL REFINING CORPORATION

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JUN 8 1938
BIGGS, MOHRMAN & CO.

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Third Annual Report

DECEMBER 31, 1937

PETROLEUM BUILDING
TULSA, OKLAHOMA

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Barnsdall Refining Corporation

THIRD ANNUAL REPORT
DECEMBER 31, 1937

May 25, 1938.

To the Stockholders:

Results from operations during the year 1937 were very unsatisfactory.

As suggested in our last statement, your Corporation does not own any crude oil production. It purchases its requirements currently at the recognized posted prices, over which it has no control.

Refined products are sold through the so-called Standard of Indiana territory and we necessarily follow the Indiana Company's prices up or down.

The criminal action instituted by the Department of Justice under the anti-trust laws, against a large number of oil companies and many of their executives came to trial at Madison, Wisconsin, in October. A jury verdict of guilty was returned against sixteen companies and thirty individuals, among them being your Corporation and its President. At the time of writing this report, a motion is under consideration by the Court to set aside such verdict because not supported by the evidence and contrary to law. If denied, an appeal will be immediately taken.

Since the case is still before the Courts, your Directors believe they should refrain from commenting in detail on the verdict rendered. It seems, however, proper to say at this time that the actions upon which the indictment was based were, in the opinion of your Directors, in accord with the policies previously advocated by the Government for the purpose of stabilizing the oil industry and of improving the economic and labor conditions in the country.

The Cross Cracking plant at the Barnsdall Refinery was modernized as suggested in our last annual report. The 5,000 barrel Dubbs Refinery at Corpus Christi, Texas, was completed early in 1938.

The average price realized per gallon on sales of gasoline through our distributing facilities, including tax, was 14.68¢. The costs of manufacturing and distributing were as follows:

Taxes	4.79¢
Crude Oil & Blending material	4.52
Salaries and Wages	1.97
Fuel, Treating & other Refinery Charges	.55
Marketing rentals, repairs, etc.	1.29
Freight Charges to point of Distribution	2.12
Depreciation, etc.	.79
TOTAL	16.03¢
Loss Per Gallon	1.35¢

Balance Sheet and Profit and Loss Statements are appended hereto.

E. B. Reeser, *President.*

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CONSOLIDATED BALANCE SHEET

December 31, 1937

ASSETS

CURRENT ASSETS:			
Cash		$ 48,154.38	
Bills Receivable		195,279.68	
Accounts Receivable, less Reserve		1,198,788.43	
Inventories of Crude Oil, at less than Market		32,536.88	
Inventories of Oil Products and Merchandise at approximately lower of Cost or Market		2,462,541.60	
Inventories of Supplies, etc., at Cost		227,189.16	$ 4,164,490.13
INVESTMENTS:			
Mortgage Loans, Stocks and Deferred Accounts Receivable			74,383.80
FIXED ASSETS:			
Plant and Equipment, at Cost		$ 14,124,270.28	
Less: Reserve for Depreciation		8,573,455.25	5,550,815.03
DEFERRED CHARGES TO OPERATIONS:			
Prepaid Expenses, Advances, etc.			194,178.17
Total Assets			$ 9,983,867.13

LIABILITIES, CAPITAL STOCK AND SURPLUS

CURRENT LIABILITIES:			
Notes Payable		$ 2,265,701.50	
Purchase Obligations, due in 1938		32,466.74	
Accounts Payable		1,199,707.85	
Accrued Expenses		91,810.47	
Accrued Taxes, State and Federal		82,209.58	$ 3,671,896.14
FUNDED DEBT OF BARNSDALL REFINING CORPORATION AND SUBSIDIARY COMPANIES:			
Barnsdall Refining Corporation, 4% Income Bonds, due 1945		$ 5,000,000.00	
Miscellaneous Purchase Obligations, due after 1938		49,358.98	5,049,358.98
CAPITAL STOCK:			
Preferred Stock (Par Value $100.00 per Share)			
Authorized	50,000 Shares	$ 5,000,000.00	
Unissued	28,365 Shares	2,836,500.00	
Outstanding	21,635 Shares	$ 2,163,500.00	
Common Stock (Par Value $1.00 per Share)			
Authorized	1,200,000 Shares	$ 1,200,000.00	
Unissued	70,610 Shares	70,610.00	
Outstanding	1,129,390 Shares	1,129,390.00	3,292,890.00
SURPLUS (Deficit)			*2,030,277.99*
Total Liabilities, Capital Stock and Surplus			$ 9,983,867.13

NOTE: A contingent liability exists in the amount of $1,011,840.50 on account construction of refinery at Corpus Christi, Texas. Upon acceptance of the plant from the contractor monthly payments of approximately $42,200.00 per month will be made until paid for.

CONSOLIDATED STATEMENT OF INCOME

For the Year Ended December 31, 1937

Gross Operating Income		$ 14,816,867.32
OPERATING CHARGES:		
Costs, Operating and General Expense	$ 14,851,144.29	
Taxes*	151,154.88	15,002,299.17
Net Operating Loss		$ 185,431.85
NON-OPERATING INCOME:		
Dividends and Interest	$ 14,702.38	
Profit on Sale of Assets	22,584.10	37,286.48
Loss before Deductions		$ 148,145.37
DEDUCT:		
Interest		75,050.25
Loss before Depreciation		$ 223,195.62
Depreciation		637,163.04
Net Loss, January 1 to December 31, 1937		$ 860,358.66

*In addition to the amount of taxes shown above there was paid or accrued for Federal and State Excise and Gasoline Taxes the amount of $2,658,989.16.

EARNED SURPLUS, December 31, 1937

Earned Surplus, December 31, 1936 (Deficit)	$ 1,169,919.33
Net Loss, January 1 to December 31, 1937	860,358.66
Earned Surplus, December 31, 1937 (Deficit)	$ 2,030,277.99

Barnsdall Refining Corporation

Incorporated Under the Laws of Delaware

Officers and Directors

OFFICERS

E. B. Reeser, *President*

F. E. Holsten, *Vice President*

G. F. Racette, *Vice President*

L. A. Potter, *Vice President*

D. L. Frawley, *Vice President*

C. E. Votrian, *Treasurer & Asst. Sec'y.*

E. R. Atwill, Jr., *Secretary*

B. L. Young, *Assistant Treasurer and Asst. Sec'y.*

H. L. Blankenship, *Assistant Treasurer*

A. C. Jewell, *Assistant Secretary*

R. E. Stewart, *Traffic Manager*

DIRECTORS

Jas. A. Dunn	Wm. Dewey Loucks	E. B. Reeser
D. L. Frawley	L. D. Messner	D. R. Snow
F. E. Holsten	G. F. Racette	C. E. Votrian

EXECUTIVE COMMITTEE

E. B. Reeser	F. E. Holsten	G. F. Racette
L. D. Messner		C. E. Votrian

To the Board of Directors of Barndall Refining Corporation:

We have made an examination of the Consolidated Balance Sheet of Barnsdall Refining Corporation and its Subsidiary Companies as of December 31, 1937, and of the statements of Income and Surplus for the year 1937. In connection therewith, we made an examination of the Balance Sheets of the consolidated companies and examined or tested accounting records of all of the companies, and other supporting evidence, and obtained information and explanations from officers and employees of the Company; we also made a general review of the accounting methods, and of the operating and income accounts for the year. We did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the foregoing Consolidated Balance Sheet and related Statements of Income and Surplus fairly present, in accordance with accepted principles of accounting consistently maintained by the Company during the year under review, its financial consolidated position at December 31, 1937, and the results of its operations for the year.

Respectfully submitted,

COLLINS, BARTH & COMPANY,
Public Accountants.

NEW YORK, N. Y.
February 16, 1938.

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1938

BARNSDALL REFINING CORPORATION

Incorporated Under the Laws of Delaware

FILE COPY
JUN 6 1939
BIGGS, MORRIS & CO.

Fourth Annual Report

DECEMBER 31, 1938

PETROLEUM BUILDING
TULSA, OKLAHOMA

Officers and Directors

OFFICERS

O. L. CORDELL, *President*

G. F. RACETTE, *Vice President*
D. L. FRAWLEY, *Vice President*
C. E. VOTRIAN, *Treasurer & Asst. Sec'y.*
E. R. ATWILL, JR., *Secretary*
H. L. BLANKENSHIP, *Assistant Treasurer*
A. C. JEWELL, *Assistant Secretary*

R. E. STEWART, *Traffic Manager*

DIRECTORS

O. L. CORDELL
JAS. A. DUNN
D. L. FRAWLEY
T. N. LAW
GENTRY LEE
L. D. MESSNER
G. F. RACETTE
D. R. SNOW
C. E. VOTRIAN

EXECUTIVE COMMITTEE

O. L. CORDELL
GENTRY LEE
D. R. SNOW
G. F. RACETTE
C. E. VOTRIAN

MAR 1 - 1950

Barnsdall Refining Corporation

FOURTH ANNUAL REPORT

DECEMBER 31, 1938

May 23, 1939.

To the Stockholders:

Results during the year 1938 continued unsatisfactory, as is disclosed by the following Consolidated Balance Sheet and Statement of Income. Operations resulted in a loss before deductions of $678,388.91. Depreciation and interest accounted for a further loss of $754,130.43, or a total net loss for the year of $1,432,519.34.

Throughout the year the Refining Division was adversely affected by depressed prices for all refined products, which were entirely out of line with prices paid for crude oil. Competitive conditions in the Marketing Division forced sales prices to abnormally low levels wth the result that margins between costs and selling prices were insufficient to cover transportation and marketing expenses.

During the year, in addition to property, unemployment and pension taxes, amounting to $174,385.36, gasoline and lubricating oil taxes collected and paid to Federal and State Governments amounted to $2,548,763.51.

While it is too early to predict the outcome of our operations for 1939, we are pleased to report that results for the first four months of this year show a decided improvement.

O. L. Cordell, *President.*

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BARNSDALL REFINING CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

December 31, 1938

ASSETS

CURRENT ASSETS:		
Cash	$ 240,745.55	
Bills Receivable	9,180.01	
Accounts Receivable, less Reserve	1,078,080.37	
Inventories of Crude Oil, at Market	136,005.60	
Inventories of Oil Products and Merchandise at approximately lower of Cost or Market	1,650,892.56	
Inventories of Crude and Refined Oils, pledged under warehousing agreement	340,927.64	
Inventories of Supplies, etc., at Cost	231,689.87	$ 3,687,521.60
INVESTMENTS:		
Mortgage Loans, Stocks and Deferred Accounts Receivable		71,792.07
FIXED ASSETS:		
Plant and Equipment, at Cost	$13,655,635.60	
Less: Reserve for Depreciation	7,498,637.36	6,156,998.24
DEFERRED CHARGES TO OPERATIONS:		
Prepaid Expenses, Advances, etc.		172,867.99
TOTAL ASSETS		$10,089,179.90

LIABILITIES, CAPITAL STOCK AND SURPLUS

CURRENT LIABILITIES:				
Notes Payable			$ 2,728,993.78	
Purchase Obligations, Due in 1939			535,170.00	
Accounts Payable			1,479,420.88	
Accounts Payable, secured by Inventories Pledged			270,729.21	
Accrued Expenses			97,388.58	
Accrued Taxes, State and Federal			74,984.61	$ 5,186,687.06
FUNDED DEBT OF BARNSDALL REFINING CORPORATION AND SUBSIDIARY COMPANIES:				
Barnsdall Refining Corporation 4% Income Bonds, due 1945			$ 5,000,000.00	
Miscellaneous Purchase Obligations, due after 1939			72,400.17	5,072,400.17
CAPITAL STOCK:				
Preferred Stock (Par Value $100.00 per share)				
Authorized	50,000 Shares	$5,000,000.00		
Unissued	28,365 Shares	2,836,500.00		
Outstanding	21,635 Shares		$ 2,163,500.00	
Common Stock (Par Value $1.00 per Share)				
Authorized	1,200,000 Shares	$1,200,000.00		
Unissued	70,610 Shares	70,610.00		
Outstanding	1,129,390 Shares		1,129,390.00	3,292,890.00
SURPLUS (Deficit)				*3,462,797.33*
TOTAL LIABILITIES, CAPITAL STOCK AND SURPLUS				$10,089,179.90

BARNSDALL REFINING CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF INCOME

For the Year Ended December 31, 1938

Gross Operating Income		$13,890,504.65
OPERATING CHARGES:		
Costs, Operating and General Expenses	$14,407,339.36	
Taxes*	174,385.36	14,581,724.72
Net Operating Loss		$ 691,220.07
NON-OPERATING INCOME:		
Dividends and Interest	$ 6,055.62	
Profit on Sale of Assets	6,775.54	12,831.16
Loss before Deductions		$ 678,388.91
DEDUCT:		
Interest		117,619.62
Loss before Depreciation		$ 796,008.53
DEDUCT:		
Depreciation		636,510.81
Net Loss, January 1 to December 31, 1938		$ 1,432,519.34

*In addition to the amount of taxes shown above, there was paid or accrued for Federal and State Excise and Gasoline Taxes the amount of $2,548,763.51.

BARNSDALL REFINING CORPORATION AND SUBSIDIARY COMPANIES

EARNED SURPLUS

December 31, 1938

Earned Surplus, December 31, 1937 (Deficit)	$ 2,030,277.99
Net Loss, January 1 to December 31, 1938	1,432,519.34
Earned Surplus, December 31, 1938 (Deficit)	$3,462,797.33

TO THE BOARD OF DIRECTORS OF BARNSDALL REFINING CORPORATION:

We have made an examination of the Consolidated Balance Sheet of Barnsdall Refining Corporation and its Subsidiary Companies as of December 31, 1938, and of the statements of Income and Surplus for the year 1938. In connection therewith, we made an examination of the Balance Sheets of the consolidated companies and examined or tested accounting records of all of the companies, and other supporting evidence, and obtained information and explanations from officers and employees of the Company; we also made a general review of the accounting methods, and of the operating and income accounts for the year. We did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the foregoing Consolidated Balance Sheet and related Statements of Income and Surplus fairly present, in accordance with accepted principles of accounting consistently maintained by the Company during the year under review, its financial consolidated position at December 31, 1938, and the results of its operations for the year.

Respectfully submitted,

COLLINS, BARTH & COMPANY
Public Accountants.

NEW YORK, N. Y.
February 24, 1939.

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1941

BARECO OIL COMPANY

Incorporated Under the Laws of Delaware

Seventh Annual Report

DECEMBER 31, 1941

1310 NORTH PEORIA AVENUE

TULSA, OKLAHOMA

Directors and Officers

DIRECTORS

H. V. Blaxter	George R. Hann	G. F. Racette
O. L. Cordell	T. N. Law	Henry Rea
D. L. Frawley	Gentry Lee	C. E. Votrian

OFFICERS

O. L. Cordell, President

G. F. Racette, *Vice President*	D. L. Frawley, *Vice President*
E. R. Atwill, Jr., *Vice President & Secretary*	C. E. Votrian, *Treasurer & Assistant Secretary*
H. L. Blankenship, *Assistant Treasurer*	A. C. Jewell, *Assistant Secretary*

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BARECO OIL COMPANY

SEVENTH ANNUAL REPORT

December 31, 1941

May 25, 1942

TO THE STOCKHOLDERS OF
BARECO OIL COMPANY:

There is submitted herewith, balance sheet as at December 31, 1941 and statements of income and surplus accounts for the year ended on that date.

After all charges, including loss on sale of capital assets, interest on long term indebtedness, depreciation and other non-operating expenses and reserve for State income taxes, the net profit for 1941 was $221,948.09, compared with a loss of $703,127.88 for 1940.

During the first four months of 1941, petroleum product prices were very unfavorable, but beginning in May and continuing throughout the balance of the year, prices obtained for all products were satisfactory.

After being closed for a period of fourteen months, on account of unprofitable prices for petroleum products on the Gulf Coast, the Corpus Christi plant resumed operations May 1st, 1941 and has been in continuous operation since that date.

The continuation of policies inaugurated in 1939, which had the objective of reducing losses in the marketing operations of the Company, resulted in the sale of a considerable number of bulk and service stations located principally in the northern part of our marketing territory. All remaining stations, the majority of which are located in Kansas, Missouri and Oklahoma, were leased to independent jobbers with whom contracts were made to purchase and handle our full line of petroleum products at wholesale or refinery tank car prices.

Prices obtained for most of the marketing properties sold were substantially below book value, but in the judgment of the Directors and Officers of the Company, were reasonable considering age, location and lack of earning value.

At December 31, 1941, the sales value of product inventories, based on prices actually obtained in December, were estimated to be in excess of the value at which they were carried on the books by the sum of $295,727.28. However, the market price of gasoline has declined about one-half cent per gallon since the first of this year, the prices for other products remaining about stationary.

Payment on our long term indebtedness from a portion of the proceeds of the sales of marketing properties, amounted to $222,047.18 during the year.

In 1941, property, unemployment and pension, and miscellaneous taxes amounting to $143,027.92 were paid by the company. Gasoline and lubricating oil taxes amounting to $2,216,452.95 were collected from customers and paid to Federal and State Governments.

Operations during the first four months of 1942 resulted in satisfactory profits, but the petroleum industry is being increasingly affected by war conditions. Governmental requests involving drastic changes in normal operations, dislocation and shortage of all kinds of transportation, the rubber shortage, difficulty in obtaining packages and materials normally used in the conduct of our business and many problems of a similar nature brought about by the war, confront us. Regardless, however, of the effect on our business, we expect to maintain a policy of complete cooperation in all aspects of the war effort to the extent of our ability to do so.

In view of the uncertainties, which now prevail in the petroleum refining industry, any prediction we might make as to the prospects for the future would be futile.

Respectfully submitted,

O. L. CORDELL, *President*

BARECO OIL COMPANY

BALANCE SHEET

December 31, 1941

ASSETS

Current Assets:		
Cash	$ 370,371.46	
Notes Receivable	1,725.00	
Accounts Receivable, less Reserve	754,733.42	
Inventories of Crude Oil, at Cost	683,968.35	
Inventories of Oil Products and Merchandise at lower of Cost or Market	1,808,318.63	
Inventories of Supplies, etc., at Cost	251,643.82	$ 3,870,760.68
Investments:		
Stocks, Bonds and Mortgages	$ 54,464.00	
Investment in and Advances to Barnsdall Refineries of Canada, Ltd.	42,692.98	97,156.98
Fixed Assets:		
Plant and Equipment, at Cost	$10,246,340.93	
Less: Reserve for Depreciation	5,612,214.15	4,634,126.78
Deferred Charges to Operations:		
Prepaid Expenses, Advances, etc.		55,862.66
Total Assets		$ 8,657,907.10

LIABILITIES, CAPITAL STOCK AND SURPLUS

Current Liabilites:				
Notes Payable			$ 3,250.00	
Accounts Payable			1,136,360.12	
Accrued Expenses and Taxes			121,571.83	$ 1,261,181.95
Funded Debt:				
Note Payable—3% Interest—Due January 5, 1945			$ 2,461,409.15	
Note Payable—3% Interest—Due April 5, 1945			700,000.00	3,161,409.15
Reserve for Employees Compensation Insurance				43,557.74
Capital Stock:				
Common Stock (Par Value $5.00 per share)				
Authorized	1,500,000 Shares	$7,500,000.00		
Unissued	670,711 Shares	3,353,555.00		
Outstanding	829,289 Shares		$ 4,146,445.00	
Surplus:				
Capital Surplus		$ 526,493.05		
Earned Surplus *(Deficit)*		*481,179.79*	45,313.26	4,191,758.26
Total Liabilities, Capital Stock and Surplus				$ 8,657,907.10

BARECO OIL COMPANY

STATEMENT OF INCOME

For the Year Ended December 31, 1941

GROSS OPERATING INCOME		$12,698,804.90
OPERATING CHARGES:		
Costs and Operating Expenses	$10,895,668.84	
Administrative, Selling and General Expense	785,527.56	11,681,196.40
OPERATING INCOME		$ 1,017,608.50
DEDUCT: NON OPERATING CHARGES:		
Loss on Sale of Capital Assets	$ 153,898.78	
Interest Charges	100,498.77	
Other Non Operating Charges	21,460.47	275,858.02
INCOME BEFORE DEPRECIATION AND INCOME TAXES		$ 741,750.48
DEDUCT: DEPRECIATION		499,885.61
INCOME BEFORE INCOME TAXES		$ 241,864.87
DEDUCT: PROVISION FOR STATE INCOME TAXES—ESTIMATED		19,916.78
NET INCOME		$ 221,948.09

BARECO OIL COMPANY

STATEMENT OF SURPLUS

For the Year Ended December 31, 1941

	Capital Surplus	Earned Surplus
Balance December 31, 1940	$526,493.05	*$703,127.88*
Net Income, January 1, 1941 to December 31, 1941		221,948.09
Balance December 31, 1941	$526,493.05	*$481,179.79*

Note: *(Italics)* denotes Deficit.

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1942

BARECO OIL COMPANY

Incorporated Under the Laws of Delaware

Eighth Annual Report

DECEMBER 31, 1942

1310 NORTH PEORIA AVENUE
TULSA, OKLAHOMA

Directors and Officers

DIRECTORS

H. V. Blaxter	George R. Hann	G. F. Racette
O. L. Cordell	T. N. Law	Henry Rea
D. L. Frawley	Gentry Lee	C. E. Votrian

OFFICERS

O. L. Cordell, *President*

G. F. Racette, *Vice President*	H. L. Blankenship, *Assistant Treasurer*
D. L. Frawley, *Vice President*	W. D. Wise, *Assistant Treasurer*
C. E. Votrian, *Treasurer & Assistant Secretary*	A. C. Jewell, *Assistant Secretary*

MAR 1 - 1950

BARECO OIL COMPANY

EIGHTH ANNUAL REPORT

February 24, 1943

To the Stockholders of
Bareco Oil Company:

There is submitted herewith balance sheet as at December 31, 1942, and statements of income and surplus accounts for the year ended on that date.

After all charges, including interest on long term indebtedness, other non-operating expenses, depreciation and provision for estimated Federal and State income taxes, the net profit for 1942 was $586,756.90 compared with $221,948.09 for 1941.

Refining operations were carried on at approximately the same scale as in the previous year, slightly more crude oil being processed with production and sales of refined products increasing correspondingly. The posted market for crude oil remained stationary at ceiling prices throughout the year. Prices for gasoline declined during the first four months of the year, but thereafter gradually increased with the result that fractionally higher average prices were obtained for this major product than in the previous year. Prices obtained for practically all other products produced were approximately the same as in 1941.

Continuation of the policy of disposing of unprofitable marketing units, particularly those not considered necessary to the operation of the refineries, which was inaugurated in 1939, resulted in the sale of a number of such properties during the year.

In September the refining equipment comprising the Corpus Christi plant was sold at a price which was considered fair and reasonable under existing conditions, to an agent acting for the United States Army, for dismantling and moving to a new location.

The proceeds of these sales together with additional funds from the treasury enabled the Company to effect the very substantial reduction of $2,065,985.40 in its previously burdensome fixed indebtedness, thus reducing its annual interest obligation by approximately $62,000.00. These property sales also resulted in a non-recurring profit of $207,724.56 as shown in the accompanying "Statement of Income."

During the year ad valorem taxes on properties, unemployment and pension and miscellaneous taxes amounting to $115,214.15 were paid to the various tax collecting agencies. Taxes on gasoline and lubricating oils amounting to $2,076,614.00, were collected from customers and paid to Federal and State Governments. In addition, a reserve in the amount of $147,623.94 was provided to cover estimated Federal and State income taxes.

Toward the end of the year the adverse effect of restrictive Governmental regulations became more and more apparent. We were called upon to produce less gasoline, the industry's "money product," and more fuel oil, which generally sells for less than the cost of the crude oil from which it is made. Obviously this resulted in a lower return on each barrel of crude oil processed. Among other regulations which had an increasingly unfavorable effect on refinery operations as the year progressed were: restricted use of tank cars for the transportation of various products, elimination of metal containers for packaging lubricating oils, tire and automobile rationing, culminating in the month of November with nation wide rationing of gasoline for the purpose of conserving rubber.

An acute scarcity of crude oil, available in the open market, has developed in Oklahoma and Kansas during the past eighteen months. Your Company, along with many others, which depend upon the open market for a supply of crude oil, is suffering from this condition with no immediate relief in sight.

Results from the operation of your Company during 1942, were the best in its history, but the present situation existing in the petroleum refining industry in general and in small refining companies in particular, makes it impossible to offer any predictions concerning the future with any degree of certainty.

Respectfully submitted,

O. L. Cordell, *President*

BARECO OIL COMPANY

BALANCE SHEET

December 31, 1942

ASSETS

CURRENT ASSETS:			
Cash		$ 1,276,201.03	
Notes Receivable		10,392.50	
Accounts Receivable, less Reserve		497,868.53	
Inventories of Crude Oil, at Cost		211,607.10	
Inventories of Oil Products and Merchandise at lower of Cost or Market		950,877.47	
Inventories of Supplies, etc., at Cost		316,291.51	$ 3,263,238.14
INVESTMENTS:			
Stocks, Bonds and Mortgages		$ 53,200.39	
Investment in and Advances to Barnsdall Refineries of Canada, Ltd.		61,978.95	115,179.34
FIXED ASSETS:			
Plant and Equipment, at Cost		$ 8,163,367.10	
Less: Reserve for Depreciation		5,039,501.41	3,123,865.69
DEFERRED CHARGES TO OPERATIONS:			
Prepaid Expenses, Advances, etc.			83,502.23
TOTAL ASSETS:			$ 6,585,785.40

LIABILITIES, CAPITAL STOCK AND SURPLUS

CURRENT LIABILITIES:			
Accounts Payable		$ 529,574.04	
Accrued Expenses and Taxes	$ 242,058.33		
Less: Treasury Tax Savings Notes—Series C	100,000.00	142,058.33	$ 671,632.37
FUNDED DEBT:			
Note Payable—3% Interest—Due January 5, 1945		$ 395,423.75	
Note Payable—3% Interest—Due April 5, 1945		700,000.00	$ 1,095,423.75
RESERVE FOR EMPLOYEES COMPENSATION INSURANCE			45,743.12
CAPITAL STOCK:			
Common Stock (Par Value $5.00 per share)			
Authorized	1,500,000 Shares	$ 7,500,000.00	
Unissued	670,711 Shares	3,353,555.00	
Issued	829,289 Shares	4,146,445.00	
Less: Held in Treasury	3,686 Shares	18,430.00	
Outstanding	825,603 Shares		$ 4,128,015.00
SURPLUS:			
Capital Surplus		$ 539,394.05	
Earned Surplus		105,577.11	644,971.16	$ 4,772,986.16
TOTAL LIABILITIES, CAPITAL STOCK AND SURPLUS			$ 6,585,785.40

BARECO OIL COMPANY

STATEMENT OF INCOME

For the Year Ended December 31, 1942

GROSS OPERATING INCOME			$14,165,986.87
OPERATING CHARGES:			
Costs and Operating Expenses		$12,343,820.81	
Administrative, Selling and General Expense		745,659.84	13,089,480.65
OPERATING INCOME			$ 1,076,506.22
ADD:			
NON OPERATING INCOME AND CHARGES:			
Non Operating Income:			
Profit on Sale of Capital Assets		207,724.56	
Non Operating Charges:			
Interest Charges	$78,580.09		
Other Non Operating Charges	9,000.00	87,580.09	120,144.47
INCOME BEFORE DEPRECIATION AND INCOME TAXES			$ 1,196,650.69
DEDUCT:			
DEPRECIATION			462,269.85
INCOME BEFORE INCOME TAXES			$ 734,380.84
DEDUCT:			
PROVISION FOR FEDERAL AND STATE INCOME TAXES—ESTIMATED			147,623.94
NET INCOME			$ 586,756.90

BARECO OIL COMPANY

STATEMENT OF SURPLUS

For the Year Ended December 31, 1942

	Capital Surplus	Earned Surplus
Balance December 31, 1941	$ 526,493.05	*$ 481,179.79*
Excess of par over cost of Treasury Stock Purchased during year	12,901.00	
Net Income, January 1, 1942 to December 31, 1942		586,756.90
Balance December 31, 1942	$ 539,394.05	$ 105,577.11

Note: (*Italics*) denotes Deficit.

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BARECO OIL COMPANY

Incorporated Under the Laws of Delaware

Ninth Annual Report

DECEMBER 31, 1943

424 South Cheyenne Avenue
TULSA 2, OKLAHOMA

Directors and Officers

DIRECTORS

H. V. Blaxter	George R. Hann	Henry Rea
O. L. Cordell	Gentry Lee	D. R. Snow
D. L. Frawley	G. F. Racette	C. E. Votrian

OFFICERS

O. L. Cordell, *President*

D. L. Frawley, *Vice President*
G. F. Racette, *Vice President*
C. E. Votrian, *Secretary & Treasurer*
W. D. Wise, *Assistant Secretary & Assistant Treasurer*
H. L. Blankenship, *Assistant Treasurer*
A. C. Jewell, *Assistant Secretary*

MAR 1 - 1950

BARECO OIL COMPANY

NINTH ANNUAL REPORT

March 3, 1944

To the Stockholders of
Bareco Oil Company:

There is submitted herewith balance sheet as at December 31, 1943, and statements of income and surplus accounts for the year ending on that date.

After all charges, including interest, other non-operating expenses, depreciation and estimated Federal and State income taxes in the amount of $335,900.00, the net profit for 1943 was $445,-972.64 compared with $586,756.90 for 1942. Net income, before provision for Federal and State income taxes, was $791,872.64 for 1943 compared with $734,380.84 for 1942. Estimated Federal and State income taxes for 1943 were $335,900.00 compared with $147,623.94 for 1942. While net income, before provision for income taxes, was approximately equal for the two years, carry over losses from the year 1940 served to materially reduce Federal income taxes for 1942, while there was no similar deductible item in the 1943 calculations.

The sale of the Corpus Christi refinery in 1942, which was operated until October of that year, and the fact that less crude oil was processed in the plants located at Barnsdall, Oklahoma, and Wichita, Kansas, resulted in a reduction in gross operating income and in the volume of products produced in 1943 compared with 1942. Curtailment of operations at Barnsdall and Wichita was due to a growing scarcity of crude oil in the areas in which they are situated. The Company does not own or control any crude oil producing properties, consequently its operations are limited to the quantity of crude oil that it can purchase on the open market in the producing fields, or at the pipeline terminals located near its refineries. Market prices for crude oil and refined products remained about stationary throughout the year at ceiling levels fixed by the Office of Price Administration.

Conversion of existing equipment and installation of new facilities enabled the company to increase its production of micro-crystalline wax and several other war essential products that small refineries, such as those operated by this company can produce, without the expenditure of large sums of money for capital investment and the use of critical construction materials. Production of micro-crystalline waxes was again materially increased in 1943. This product, which the company began to manufacture in 1935 and increased from time to time, as its peace time uses developed, was placed under strict allocation by the Petroleum Administration for War in July, 1943. It is being used in large quantities by manufacturers of various products used by the armed forces in the conduct of the war.

Continuation of the policy which has been pursued for the past several years, of disposing of marketing units and other properties which have proved unprofitable or not necessary to the operation of the refineries, resulted in the sale of a considerable number of such properties on which a net loss of $98,427.91 was sustained.

During the year ad valorem taxes, Social Security and miscellaneous taxes amounting to $93,495.03 were paid to the various tax collecting agencies. Taxes on gasoline and lubricating oils amounting to $971,195.24 were collected from customers and paid to Federal and State Governments.

The entire funded debt of the Company, amounting to $1,095,423.75 at the end of the previous year, was paid in full during 1943.

The Management desires to express its thanks and appreciation to the employees of the Company for their loyal and efficient efforts in its behalf during the many trying experiences of the past year, and pay special tribute to those employees who are serving in the armed forces, of whom there are seventy-two, representing approximately twelve per cent of the entire organization at the beginning of the war.

Respectfully submitted,

O. L. Cordell, *President*

BARECO OIL COMPANY

BALANCE SHEET

December 31, 1943

ASSETS

CURRENT ASSETS:			
Cash		$1,682,004.91	
United States Tax Savings Notes and Treasury Certificates		220,130.00	
Notes Receivable		18,607.93	
Accounts Receivable, less Reserve		533,063.36	
Inventories:			
Crude Oil at Cost	$294,052.65		
Oil Products and Merchandise at lower of Cost or Market	838,869.63		
Supplies, Etc. at Cost	216,101.57	1,349,023.85	$3,802,830.05
INVESTMENTS:			
United States Bonds		$ 48,528.69	
Other Stocks and Bonds		224.35	
Investment in and Advances to Barnsdall Refineries of Canada, Ltd.		62,303.82	111,056.86
FIXED ASSETS:			
Plant and Equipment at Cost		$7,180,836.90	
Less: Reserve for Depreciation		4,721,949.91	2,458,886.99
DEFERRED CHARGES TO OPERATIONS:			
Prepaid Expenses, Advances, Etc.			97,183.15
TOTAL ASSETS			$6,469,957.05

LIABILITIES, CAPITAL STOCK AND SURPLUS

CURRENT LIABILITIES:				
Accounts Payable			$ 692,322.15	
Accrued Expenses and Taxes			504,050.62	$1,196,372.77
RESERVE FOR EMPLOYEES COMPENSATION INSURANCE				44,625.48
CAPITAL STOCK:				
Common Stock (Par Value $5.00 Per Share)				
Authorized	1,500,000 Shares	$7,500,000.00		
Unissued	670,711 Shares	3,353,555.00		
Issued	829,289 Shares	$4,146,445.00		
Less: Held in Treasury	3,686	18,430.00		
Outstanding	825,603		$4,128,015.00	
SURPLUS:				
Capital Surplus		$ 539,394.05		
Earned Surplus		561,549.75	1,100,943.80	$5,228,958.80
TOTAL LIABILITIES, CAPITAL STOCK AND SURPLUS				$6,469,957.05

BARECO OIL COMPANY

STATEMENT OF INCOME

For the Year Ended December 31, 1943

GROSS OPERATING INCOME		$10,392,756.52
OPERATING CHARGES:		
Costs and Operating Expenses	$ 8,555,477.32	
Administrative, Selling and General Expense	646,602.68	9,202,080.00
OPERATING INCOME		$ 1,190,676.52
DEDUCT:		
NON OPERATING CHARGES:		
Loss on Sale of Capital Assets	$ 98,427.91	
Interest Charges	14,240.98	112,668.89
INCOME BEFORE DEPRECIATION AND INCOME TAXES		$ 1,078,007.63
DEDUCT:		
DEPRECIATION		286,134.99
INCOME BEFORE INCOME TAXES		$ 791,872.64
DEDUCT:		
PROVISION FOR FEDERAL AND STATE INCOME TAXES—ESTIMATED		335,900.00
NET INCOME		$ 455,972.64

BARECO OIL COMPANY

STATEMENT OF SURPLUS

For the Year Ended December 31, 1943

	Capital Surplus	Earned Surplus
Balance December 31, 1942	$ 539,394.05	$ 105,577.11
Net Income January 1, 1943 to December 31, 1943		455,972.64
Balance December 31, 1943	$ 539,394.05	$ 561,549.75

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BARNSDALL REFINING CORPORATION

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MAR 4 1936
BIGGS, [illegible] & CO.

First Annual Report

DECEMBER 31, 1935

PETROLEUM BUILDING

TULSA, OKLAHOMA

MAR 1 - 1950

Barnsdall Refining Corporation

FIRST ANNUAL REPORT

Ending December 31, 1935

Tulsa, Oklahoma,
February 26, 1936.

TO THE STOCKHOLDERS:

This will be considered the first Annual Report of Barnsdall Refining Corporation, although it actually covers the seven months period from June 1 to December 31, 1935.

The Corporation was formed for the purpose of taking over all of the refining and marketing operations previously owned by Barnsdall Oil Company, a subsidiary of Barnsdall Corporation. The company, as it now exists, is an entirely separate entity with 1,129,390 shares of Common stock outstanding, owned by 14,891 stockholders.

In addition to the Common stock, there are outstanding 21,635 shares of 4% non-cumulative Preferred stock and $5,000,000.00 face value 4% Income Debentures, the latter two issues being owned entirely by Barnsdall Oil Company in consideration for the transfer of the properties.

The refining properties consist of three (3) refineries with a combined crude oil capacity of 18,000 barrels per day, located at Barnsdall and Okmulgee, Oklahoma, and Wichita, Kansas.

Crude oil is delivered to the refineries through pipe lines owned by other companies. The price paid is the published price of the Standard Oil Company of Indiana, plus the usual pipe line transportation charge. The cost of the crude oil represents approximately 70% of the cost of the finished products. The selling price of the products at the refinery is based on the prices published by the National Petroleum News and the Chicago Journal of Commerce. It is, therefore, obvious that your management can only control the manufacturing costs. These costs have been reduced as much as possible and compare favorably with the costs of other companies operating under similar conditions.

During the calendar year 1935, 160,992,488 gallons of petroleum products were manufactured, of which 99,119,768 gallons were gasoline. Your Company manufactures a complete line of high grade lubricating and motor oils, greases and waxes. These products are marketed under the Be Square trade mark through company-owned and controlled outlets and trade-marks contracts in the States of Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota and Wisconsin.

In the sale of products, your company follows the posted prices of the Standard Oil Company of Indiana. During the year 1935 these prices have been below the actual costs of crude oil, manufacturing, transportation and marketing expense.

In addition to Be Square products, Barnsdall is the sole distributor of Quaker State Motor Oils and Greases in the territory covered by its marketing operations.

During the calendar year 1935 the Company collected a total of $2,498,510.49 in gasoline taxes, of which $1,472,059.70 was paid to the States and $1,026,450.79 to the Federal Government. Stockholders should remember when they buy gasoline, that the price they pay for the product includes a large percentage of taxes.

Balance Sheet and Profit and Loss Statements are appended hereto.

President.

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CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1935

ASSETS

CURRENT ASSETS:		
Cash	$ 132,018.62	
Bills Receivable	232,862.92	
Accounts Receivable, Less Reserve	1,216,935.05	
Inventories of Crude Oil at Less Than Market	428,218.11	
Inventories of Oil Products and Merchandise, at approximately lower of Cost or Market	2,187,338.96	
Inventories of Supplies, etc., at Cost	196,686.75	$ 4,394,060.41
INVESTMENTS:		
Mortgage Loans and Deferred Accts. Receivable		133,356.13
FIXED ASSETS:		
Plant and Equipment, at Cost	$13,782,384.12	
Less: Reserve for Depreciation	8,046,256.86	5,736,127.26
DEFERRED CHARGES TO OPERATIONS:		
Prepaid Expenses, Advances, etc.	$ 169,822.16	
Unamortized Bal., Refinery Royalty Purchase	112,500.00	282,322.16
TOTAL ASSETS		$10,545,865.96

LIABILITIES, CAPITAL STOCK AND SURPLUS

CURRENT LIABILITIES:		
Notes Payable	$ 1,432,750.48	
Purchase Obligations Due in 1936	133,445.25	
Accounts Payable	911,488.20	
Accrued Expenses	61,011.87	
Accrued Taxes, State and Federal	124,852.67	$ 2,663,548.47
FUNDED DEBT OF BARNSDALL REFINING CORPORATION AND SUBSIDIARY COMPANIES:		
Barnsdall Refining Corporation, 4% Income Bonds, Due 1945	$ 5,000,000.00	
Miscellaneous Purchase Obligations, due after 1936	73,911.59	5,073,911.59
CAPITAL STOCK:		
Preferred Stock (Par Value $100.00 per Share)		
Authorized 50,000 Shares $5,000,000.00		
Unissued 28,365 Shares 2,836,500.00		
Outstanding 21,635 Shares	$ 2,163,500.00	
Common Stock (Par Value $1.00 per Share)		
Authorized 1,200,000 Shares $1,200,000.00		
Unissued 70,610 Shares 70,610.00		
Outstanding 1,129,390 Shares	1,129,390.00	3,292,890.00
SURPLUS (Deficit)		*484,484.10*
TOTAL LIABILITIES, CAPITAL STOCK AND SURPLUS		$10,545,865.96

CONSOLIDATED STATEMENT OF INCOME JUNE 1 TO DECEMBER 31, 1935

Gross Operating Income		$ 8,276,034.96
Operating Charges:		
Costs, Operating and General Expense	$ 8,318,316.54	
Taxes*	78,596.17	8,396,912.71
Net Operating Loss		$ 120,877,75
Non-Operating Income:		
Dividends and Interest	$ 10,359.18	
Profit on Sale of Capital Assets	80,478.71	90,837.89
Loss before Deductions		*$ 30,039.86*
Interest Expense		40,660.06
Loss before Depreciation		*$ 70,699.92*
Depreciation		413,784.18
Net Loss, June 1 to December 31, 1935		*$ 484,484.10*

*In addition to the amount of taxes shown above, there was paid or accrued for Federal and State Excise and Gasoline Taxes the amount of $1,586,095.51.

Barnsdall Refining Corporation

Incorporated Under the Laws of Delaware

DIRECTORS

Jas. A. Dunn
Geo. D. Locke
L. D. Messner
G. F. Racette
D. L. Frawley
Wm. Dewey Loucks
F. E. Holsten
E. B. Reeser
C. E. Votrian

EXECUTIVE COMMITTEE

E. B. Reeser
F. E. Holsten
Geo. D. Locke
G. F. Racette
C. E. Votrian

OFFICERS

E. B. Reeser, *President*

Jas. A. Dunn, *Vice President and Sec'y*
D. L. Frawley, *Vice President*
Geo. D. Locke, *Vice President*
F. E. Holsten, *Vice President*
G. F. Racette, *Vice President*
H. E. Wormhoudt, *Vice President*
L. A. Potter, *Vice President*
C. E. Votrian, *Treasurer*

B. L. Young, *Assistant Treasurer and Asst. Sec'y*
H. L. Blankenship, *Assistant Treasurer*
A. C. Jewell, *Assistant Secretary*
R. E. Stewart, *Traffic Manager*

TO THE BOARD OF DIRECTORS OF BARNSDALL REFINING CORPORATION:

We have made an examination of the Consolidated Balance Sheet of Barnsdall Refining Corporation and its Subsidiary Companies as of December 31, 1935, and of the Statements of Income for the period from June 1 to December 31, 1935. In connection therewith, we made an examination of the Balance Sheets of the consolidated companies and examined or tested accounting records of all of the companies, and other supporting evidence, and obtained information and explanations from officers and employees of the Company; we also made a general review of the accounting methods, and of the operating and income accounts for the period. We did not make a detailed audit of the transactions.

In our opinion, based upon such examination and upon the basis indicated, the foregoing Consolidated Balance Sheet and related Statement of Income fairly present, in accordance with accepted principles of accounting consistently maintained by the Company during the period under review, its financial consolidated position at December 31, 1935, and the results of its operations for the period.

New York, N. Y.,
February 24, 1936

Respectfully submitted,
COLLINS, BARTH & COMPANY,
Public Accountants.